

**MINUTES**  
**SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE OKLAHOMA**  
**MUNICIPAL RETIREMENT FUND AND THE ADMINISTRATIVE COMMITTEE OF**  
**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**May 28, 2020**

**1. Call To Order**

The Administrative Committee, in accordance with Oklahoma Senate Bill 661 which temporarily amended the Open Meeting Act and as approved by Governor Stitt on March 18, 2020, hosted a virtual meeting to conduct the Administrative Committee business of the Oklahoma Municipal Retirement Fund on May 28, 2020, at 9:00 a.m. with Administrative Chair Johnston presiding.

**BOARD OF TRUSTEES**

Administrative Committee:

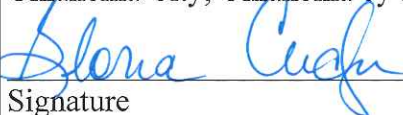
Robert Johnston, City Manager, City of Frederick *(via telephone)*  
Donna Doolen, Finance Director-Treasurer, City of Ada *(via telephone)*  
Tamera Johnson, Retiree, City of Shawnee *(via telephone)*

**OTHERS PRESENT:**

OkMRF Staff: Jodi Cox, Executive Director/CEO *(via telephone)*

Administrative Committee Chair, Johnston extended a welcome to all in attendance and called the meeting to order.

**NOTICE:** The agenda for the May 28, 2020, meeting was posted in Columbus Square, Oklahoma City, Oklahoma by 9:00 a.m. on May 26, 2020, by Gloria Cudjoe.

  
Signature

## 2. Review of 2020-2021 Budget

Cox described the various columns on the budget schedules. Each category was reviewed in detail and discussed as follows:

**Actuary & Recordkeeping:** Down \$12,000, main contributing factors for change:

- Less anticipated PAS and DC programming needs
- Anticipated 7.25% growth on plan assets for DC recordkeeping but started with lower assets due to Covid-19

**Administration:** Up \$25,000, main contributing factors for change:

- Health insurance up 3.0% for all coverages (OkMRF pays 70% of premium)
- Proposed employer contribution rate of 17.75% to OkMRF DB plan rather than required 12.27%, results in approximately \$37,000 additional contributions to help pay off our shortfall (Unfunded Actuarial Liability) of \$387,567 and with market prices down this should be helpful to put additional assets to work
- Proposed cyber security third-party review/audit
- Lease payments according to lease agreement with 2018 base year and estimated \$5,000 in shared operating costs
- Proposed no Staff raises

**Attorney:** Up \$1,600, main contributing factor for change:

Increased McAfee & Taft retainer by \$300 per month while decreasing the amount needed for miscellaneous attorney expenses.

**Audit:** Up \$1,700, main contributing factor for change:

Per contract agreed to in February 2020 meeting (expires after FY 21-22).

**Board Travel:** Down \$8,300, main contributing factor for change:

Proposed less expensive due diligence trip to Chicago due to a much shorter stay as compared to prior year in New York City's 5-day stay. Northern Trust is on the docket.

**Custodial:** Down \$2,000, main contributing factor for change:

Decreased slightly, as last year's budgeted amount was higher than needed, with anticipated 7.25% asset growth starting at a lower asset value due to Covid-19.

**Employer Directed Expenses:** Down \$5,000, main contributing factor for change:

Costs outside normal OkMRF shared expenses covered by the retainer are expected to be less than prior year due to current market environment and Municipal revenue sources anticipated to be lower this fiscal year as compared to last.

Examples are: Split hire groups, early retirement windows, upgrades, etc., which call for special actuarial studies and/or legal opinions on complex plan provisions/rules.

Cox reminded the Committee: This is a flow through account for direct expenses charged by Dean Actuary and/or McAfee & Taft passed directly to the Member either by invoice or use of plan assets. No budget impact.

**Insurance:** Up \$44,000, main contributing factor for change:

The last five (5) years, most premiums came in cost neutral with little to no escalation; however, added the excess fiduciary liability coverage with Travelers which was not anticipated in the prior budget. Cox reported, as a result, this is the one expected budget adjustment, to be presented next month, due to our excess fiduciary liability policy being purchased.

**Investment Advisors:** Down \$62,935, main contributing factor for change:

7.25% estimated asset growth on the three (3) separately managed DB accounts that we pay directly. However, we started with a lower asset value due to Covid-19. Also, last year, we had an unrealistic expectation on Intech's incentive fee, we adjusted down this year accordingly. Cox reminded the Committee that indirect fees are paid inside the investment options which impact returns but does not directly impact budget.

**Investment Consultant/ACG:** Up \$4,331, main contributing factor for change:

2.3% increase in CPI-U per contract.

**Public Relations:** Down \$5,500, main contributing factors for change:

Anticipated less PR gadgets to be ordered since we ordered nice giveaways in bulk last year to get cost efficiencies.

**Representative Travel:** Up \$550 main contributing factors for change:

- Due to last year's success, we budgeted slightly more for Employee training/job-related educational opportunities for non-traveling positions
- Proposed to continue to expand OkMRF state-wide presence by attending municipal conferences and dinner meetings

**Credit offset:** Less by \$138,600 main contributing factors for change:

- Less expected on employer directed DB actuary and attorney reimbursements (flow through)
- Less interest earnings on DB deposit account resulting from residual operating cash on hand being invested in interest bearing vehicle with Northern Trust and anticipated a decrease in interest rates during FY 20-21
- Less anticipated on the administrative account transfers from miscellaneous DB external sources used to offset expenses such as class action settlements, FOIA reimbursements, etc.
- \$120,000 less in transfers from the DC reserve account (DC administrative expense/errors were used to offset actual DC administrative expenses in prior year); therefore, fees will be back to actual and will be deducted from the DC Participants' accounts, resulting in an increase of 4 bps from 28 bps last fiscal year to 32 bps this fiscal year

The DC Administrative Expense/Errors account was discussed. The Committee is comfortable with proposing no direct budget offset usage on the approximate \$40,000 in reserves to anticipate unforeseen market losses and/or unexpected errors.

In summary, overall budget up by 4% or \$120,046. The budget as proposed, results in total administrative fees as a percent of total assets of 28.56 bps. Administrative fees by plan are 26.45 and 32.47 bps, for DB and DC plans, respectively. Proposed budget for FY 20-21 is for a total of \$3,129,325. DC administrative fee proposed to increase to 32 bps.

Estimated final expenses compared to actual is approximately \$232,000 under budget.

3. Discuss and Develop Recommendation for Board Action Regarding Budget Adoption

Administrative Committee agreed that budget was satisfactory, as presented. Doolen made a motion, seconded by Johnson to propose a recommendation to the Board to accept the proposed budget and increase to 32 bps being charged for administrative fees to the DC accounts.

Johnston: Yes

Doolen: Yes

Johnson: Yes

4. Review of Executive Director 2020-21 Goals and Objectives

Cox distributed Executive Director/CEO goals for the upcoming fiscal year. Goals are outlined on three (3) primary focus categories: Trustees, Staff and Membership with underlying objectives and corresponding action plans. CEO proposed to add one additional item not originally listed: To work on succession planning for trust and tax attorneys. Committee agreed this should be added. Also, the Committee discussed, at length, one of the CEO goals regarding CEO proposed OkMRF return to office plans. Committee agreed the work from home team could continue to do so since our contingency plan has been efficient and successful while other Staff should return to work on alternating days for social distancing until it is determined that OkMRF can safely return all Staff to the office.

Committee had no other recommended changes and asked CEO to make available to the entire Board.

5. New Business

No new business.


6. Adjourn

With no further discussion, Johnston declared the meeting adjourned at 10:45 a.m.

The seal is circular with the text "OKLAHOMA MUNICIPAL RETIREMENT BOARD" around the perimeter and "OFFICIAL SEAL" in the center. A signature is written over the seal.  
Robert Johnston, Administrative Chair

  
Donna Doolen, Chairman

Respectfully submitted by:

  
Joel S. Cox, CEO/Executive Director